State Illinois

METHODS AND STANDARDS FOR ESTABLISHING PAYMENT RATES - Reimbursement to Long Term Care Facilities

C. A facility is ineligible for downsizing if the facility has been notified in writing by DPH of a need for a Plan of Correction for non-compliance with conditions of participation, Type A violations, licensure non-compliance, or because the facility has been declared an "immediate and serious threat" to the welfare of any resident(s) in the one year period preceding the date of a request for application of these downsizing provisions unless the DDBHS Director has granted the facility a waiver of this one year requirement.

D. When DPH notifies a facility in writing of a need for a Plan of Correction for non-compliance with conditions of participation, Type A violations, licensure non-compliance, or because the facility has been declared an "immediate and serious threat" to the welfare of any resident(s), the facility may seek DHS approval of a downsizing plan concurrently as a part of a Plan of Correction to DPH in accordance with the time frames and process allotted by DPH. If a downsize application is not made at this time and as a part of a Plan of Correction, the facility is ineligible for downsizing.

E. During the downsizing period, the facility may not accept any admissions except with explicit permission of DHS. The facility must agree to make every effort to ensure immediate notification (within 72 hours) to DHS and to the local DHS office of all changes in recipient enrollment, eligibility, income, assets, earnings, and other status. The facility must agree to make available to DHS and interested parties such records as necessary to disclose the type and quantity of care provided to specific residents, as well as physicians' reports, need for care, level of functioning, and orders for services. The facility must agree to provide access to resident care records and facility records and policies concerning resident care throughout the downsizing period.

F. The capital and support rates in effect at the time of approval of the downsizing plan (exclusive of any flat add-on rate increases) will be modified for downsizing in accordance with subsection IV.I.

G. The capital and support rates will be revised with the achievement of the benchmarks specified in the downsizing agreement during the approved downsizing period.

MAY 1 9 1999

TN # 99-1 APPROVAL DATE _____ EFFECTIVE DATE 1-1-99

SUPERSEDES
TN # _____

State Illinois

METHODS AND STANDARDS FOR ESTABLISHING PAYMENT RATES - Reimbursement to Long Term Care Facilities

1. The capital rate will be increased in proportion to the agreed on decrease in the census achieved at the end of each benchmark period from the census at the start of the downsizing period. For example, with an original census of 98 residents at the start of the downsizing period and the achievement of a reduction of eight residents to reach the benchmark of 90 residents, the initial $7.41 capital rate will be increased to $8.07 as follows: (the initial capital rate) is multiplied by (the original census which has been divided by the achieved census reduction), or ($7.41) X (98/90 or 1.089) = $8.07.

2. The support rate will be increased in proportion to the decrease in census achieved at the end of each benchmark period from the census at the start of the downsizing period, with the assumption that 50 percent of the support costs are fixed and 50 percent of the support rate is variable, i.e., costs vary as the number of residents varies. The fixed half of the support rate will be increased in proportion to the achieved decrease at the end of each benchmark period. For example, with an original support rate of $22.00, the support rate would be [(.5 X $22) X (98/90)] + (.5 X $22) = $22.98.

3. The program rate will be set according to the methodology in subsection III.C.4.b. (exclusive of any flat add-on increases).

H. The support rate for ICF/DD facilities may not exceed the facility's geographic area ceiling. Facilities having SNF/PED licenses, which are reducing facility census to comply with ICF/MR regulations which limit the number of persons per bedroom to four or fewer, may exceed the facility's geographic area ceiling but by no more than 125 percent. The exception allowing SNF/PED facilities to exceed the support rate geographic area ceiling will only be based on the reduction in census to attain four or fewer persons per bedroom. If a SNF/PED facility reduces census below that required to attain four persons per bedroom, the support rate may not exceed the facility's geographic area ceiling.

I. At the conclusion of the downsizing period the capital, support, and program rates will be determined as follows:

State Illinois

METHODS AND STANDARDS FOR ESTABLISHING PAYMENT RATES - Reimbursement to Long Term Care Facilities

1. The capital rate component will be fixed at the final downsizing rate and will remain in effect until such time as the rate methodology in effect produces a rate based on the downsized licensed capacity which surpasses the downsize capital rate amount. The final downsize capital rate will be increased by funding changes such as cost of living increases, when given. All space in the facility must continue to be used as an ICF/DD or SNF/PED. Use of the facility for an on-site developmental training program, school services, or uses unrelated to the operation of the facility as an ICF/DD or SNF/PED, will require the calculation of the capital rate according to the methodology found in subsection III.C.7. after an adjustment of the facility's capital costs in proportion to the involved square footage. This capital rate will be effective the first day of the month following the change in space usage. Capital improvements to the downsized facility may be made and will be reimbursed as an increase to the downsize capital rate determined as the applicable percentage rate of return of the capital methodology times the per diem per bed reported amount of the improvement.

2. The support rate in effect at the end of the downsizing period will remain in effect until a cost report covering the first six months of operation of the downsized facility is submitted. These six-month costs and the corresponding days of care will be used to set the support rate in accordance with the support component rate methodology in effect.

3. The program rate will be set according to the methodology described in subsection III.C.4.b.

State Illinois

METHODS AND STANDARDS FOR ESTABLISHING PAYMENT RATES - Reimbursement to Long Term Care Facilities

01/99 ~~IV~~ V. Out-of-State Placement

10/92 A. Residents of Illinois who have been determined as requiring long term care placement should be placed in an Illinois facility.

04/98 B. DPA or DHS/ODD may make payment for care of a client in an out-of-state facility if:

12/96 1. the client is a resident of Illinois in accordance with DPA residency policy, and

2. placement within Illinois cannot be obtained, and

04/98 3. prior approval has been given by the agency which will fund the placement, whether DPA or DHS/ODD, or the funding agency's designee.

12/96 C. Payment to out-of-state facilities will be negotiated based on the intensity of the services required, and will take into consideration:

12/96 1. the rate for medical assistance clients requiring the same level of care that is paid by the state in which the facility is located, and

12/96 2. the private pay rate in the facility, and

12/96 3. the Illinois statewide average rate for medical assistance clients requiring a similar level of care.

12/96 D. The Departments shall agree to pay the out-of-state facility's Medicaid rate without negotiation if placement in an out-of-state facility is due to one of the following reasons identified in 42 CFR 431.52: (1) medical services are needed due to a medical emergency, (2) medical services are needed and the recipient's health would be endangered if he was required to travel to his State of residence, and (3) it is general practice for the recipients in a general locality to use medical resources in another State.

State Illinois

METHODS AND STANDARDS FOR ESTABLISHING PAYMENT RATES - Reimbursement to Long Term Care Facilities

04/98 The fourth regulatory requirement under 42 CFR 431.52, the State determines, based on medical advice, that the needed medical service is more readily available in the other State, would require negotiation of a payment rate. Upon notification of a possible out-of-state placement the Department, whether DPA or DHS/ODD, will first ensure that no appropriate beds are available in Illinois for the services required by the client. After that has been determined, a rate will be negotiated with the out-of-state facility. The applicable Department will begin the process by obtaining from the out-of-state facility, in writing, both the private and Medicaid rates of the facility based on the intensity of services required by the client being placed. The appropriate Department will confirm the Medicaid rate with the out-of-state Medicaid agency. These rates will be compared to the Illinois statewide average Medicaid rate for clients requiring a similar level of care. The out-of-state facility will be offered the lesser of these three rates. If that rate is not agreed to by the out-of-state facility, the Department will offer to pay the next highest rate. If that amount is not agreed to, the highest rate will be considered for payment. The Department reserves the right to ask for written justification from the out-of-state facility to support any rate before it is agreed upon.

12/96 E. Payment cannot be approved for clients who made their own arrangements for care in facilities in other states if an appropriate bed is available in Illinois.

12/96 F. Payment cannot be approved if a client or the family prefers placement in an out-of-state facility in order to stay near the home community, or near to family or for other personal reasons.

12/96 G. Annually, placement of a client in an out-of-state facility will be reevaluated to ensure placement is still appropriate.

12/96 H. Payment for care in an out-of-state facility may be approved for a client who becomes ill while temporarily out of Illinois.

State Illinois

METHODS AND STANDARDS FOR ESTABLISHING PAYMENT RATES - Reimbursement to Long Term Care Facilities

01/99 VI. Long Term Care Facility Rate Adjustment

01/97 Notwithstanding the provisions set forth for maintaining rates at the levels in effect on January 18, 1994, long term care facility (NFs and ICFs/MR) rates established on July 1, 1996, shall be increased by 6.8 percent for services provided on or after January 1, 1997.

07/98 Notwithstanding the provisions set forth for maintaining rates at the levels in effect on January 18, 1994, long term care facility (NFs and ICFs/MR) rates and day training rates established on July 1, 1998, for services provided on or after that date shall be increased by three percent and, in the instance of NFs only, $1.10 shall be added to the nursing component of the rate.

07/99 Notwithstanding the provisions set forth for maintaining rates at the levels in effect on January 18, 1994, long term care facility rates and developmental training rates established on July 1, 1999, for services provided on or after that date shall be increased as follows:

1) NFs, ICFs/MR and day training rates shall be increased by 1.6 percent;
2) ICFs/MR rates shall be increased an additional $3.00 per resident day; and
3) developmental training rates shall be increased an additional $10.02 per person, per month.

==10/99 Notwithstanding the provisions set forth for maintaining rates at the levels in effect on January 18, 1994, nursing facility rates established on October 1, 1999, for services provided on or after that date shall be increased by $4.00 per resident day.

01/99 VII. Public Notice Process

01/99 The Department has in place a public process which complies with the requirements of Section 1902(a)(13)(A) of the Social Security Act.

The total cost estimate for the OBRA related areas is based on projected statewide utilization of the six IOC services, the allowable staff times for each area, and the statewide average wages paid by nursing facilities and updated to the current rate year. These data are utilized to obtain the statewide average estimated per diem per resident increased staffing costs to facilities for each of the six IOC areas. These costs estimates are detailed in Table I. The costs to individual facilities will vary according to their individual utilization levels for the six IOC services and the staff wages in their geograpnic region. Allowable staffing types and times for each of the six IOC areas are standard across the state and do not contribute to variation in facility-specific costs.

The statewide average estimated per diem per resident staffing cost is $2.68 for all six OBRA related areas of the IOC which includes additional related costs of consultant and director of nursing services and of health care/program supplies. The final statewide average estimated per diem per resident rate for the six OBRA related areas of the IOC is $2.78 for FY'99. This per diem amount was multiplied by the estimated Medicaid patient care days for FY'99 to obtain the total estimated annual costs of $62.5 million to be incurred by facilities for the six OBRA-related IOC areas.

Continuing Education for Nurse Aides. Increased costs resulting from nurse aide staff time for on-the-job training in the OBRA-related IOC areas are built into the staff times assigned to these IOC areas. Increased costs for registered nurse or licensed practical nurse supervisors to train nurse aides in these IOC areas are built into the assigned staff times as well. Since the largest portion of the allocation for nurse aide training costs is built into the staffing times for each of the IOC areas, the Department has no means of itemizing these specific costs.

Nurse Staffing Requirements. Increased costs to facilities for registered nurse, licensed practical nursing and nurse aide staffing requirements are accounted for in the staff times allowed for each OBRA-related IOC area.

Other Staffing Requirements. Increased staffing costs for social workers to serve as part of the multi-disciplinary resident assessment team and to coordinate the OBRA-related social services are accounted for in the social worker staff time under these two IOC areas.

The OBRA-related specialized medications service--management of psychotropic drugs--requires the involvement of a pharmacist. Pharmacy services of filling a prescription are ancillary services under the Illinois Group Care Medicaid reimbursement system and are paid for on a fee-for-service basis directly to the pharmacy provider. Nursing facilities will not incur any increased costs in meeting this provision as it relates to filling prescriptions for psychotropic drugs. However, nursing facilities will incur increased costs for pharmacist consultation services in planning the management of psychotropic drugs for individual residents.

There are no new requirements which will result in increased costs to facilities for dietician, dental, medical records, activity staff or other staff services.

Resident Assessments. Increased costs incurred by facilities for registered nurse coordinated multi-disciplinary focused comprehensive resident assessments using the MDS are accounted for under the OBRA related IOC comprehensive resident assessment service area. Staffing types and times for the base level of this IOC service were determined by an internal expert panel on the basis of the minimum requirement of one resident assessment and quarterly reviews annually. The staffing types and times for the second level were established based on a resident's need for more frequent assessments and reviews.

Plans of Care. No changes in the Departments provisions regarding patient care planning were necessary under the new OBRA requirements, therefore, facilities will not incur any increased costs for these OBRA requirements.

Resident Personal Funds. Changes in the Department's provisions regarding management of patients' funds under the new OBRA requirements did not necessitate any increased costs on the part of nursing facilities.

Resident Rights. Increased costs incurred by facilities for the provision of resident rights services are accounted for under the OBRA-related IOC social services area. Staffing types and times for this service were determined by an internal expert panel on the basis of the extent and level of the resident rights and resident and family participation services covered under this IOC area.

Table I
Fiscal Year (FY) 1999
OBRA FINDINGS

OBRA IOC Area	Levels	(1) 9/94 $/score	(2) January FY 97 $/score	(3) FY 99 $/score	(4) FY 99 Estimated Util %	(5) FY 99 Weighted Rate	(6) FY 98 Actual Cost	(7) FY 99 Inflated Costs	(8) FY 99 Weighted Costs
Comprehensive	0	0.78	0.83	0.83	0.87	0.73	0.75	0.78	0.68
Resident Assesment	1	2.35	2.51	2.51	0.13	0.32	2.24	2.33	0.29
Communication	0	0.00	0.00	0.00	0.91	0.00	0.00	0.00	0.00
	1	0.48	0.51	0.51	0.08	0.04	0.49	0.51	0.04
	2	0.97	1.04	1.04	0.01	0.01	0.98	1.02	0.01
	3	1.45	1.55	1.55	0.00	0.00	1.47	1.53	0.00
Restraint Reduction	0	0.00	0.00	0.00	0.87	0.00	0.00	0.00	0.00
	1	1.94	2.07	2.07	0.13	0.27	1.97	2.05	0.26
Social Services	0	0.00	0.00	0.00	0.01	0.00	0.00	0.00	0.00
	1	0.45	0.48	0.48	0.56	0.27	0.45	0.47	0.26
	2	1.49	1.59	1.59	0.43	0.69	1.55	1.61	0.70
Specialized Medication	2	1.75	1.87	1.87	0.21	0.40	1.65	1.72	0.36
Continence Restorative	0	0.00	0.00	0.00	0.98	0.00	0.00	0.00	0.00
	1	2.58	2.76	2.76	0.02	0.04	2.64	2.75	0.04
	2	4.50	4.81	4.81	0.00	0.02	4.66	4.85	0.02
					Total Rate:	**2.78**		**Total Costs:**	**2.68**

(1) The rate for each OBRA item for September of 1993. This rate was frozen until January 1, 1997.

(2) The January 1, 1997, rate which is 6.8% over the September of 1993 rate.

(3) The FY'99 rate is assumed at this time to be frozen at the January 1997 rate.

(4) With the rate freeze assumption, FY'97 utilization is FY'99 estimate.

(5) The FY'99 rate.

(6) The OBRA staff model times FY'98 wages.

(7) The FY'98 costs inflated based on DRI.

(8) The FY'99 cost.

TN # 98-6 APPROVAL DATE 4-15-98 EFFECTIVE DATE 10-1-98

SUPERCEDES
TN # 97-3